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BULLETIN NO. 77-7

March 3, 1977

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Limitation on hiring and revision of employment ceilings

1. Purpose. This Bulletin provides guidance with respect to the limitation on hiring ordered by the President in his memorandum of March 1, 1977. This guidance is issued pending establishment of new employment ceilings for full-time permanent and total Federal civilian employment for fiscal years 1977 and 1978. It also provides instructions for appeals in a limited number of situations where exceptions to the hiring limitation may be granted.

2. Background. In a recent fireside talk to the American people, President Carter reaffirmed his Administration's commitment to reform and reorganize the Federal Government and to bring its growth under control. As part of this effort, he promised to put a ceiling on the number of Federal employees.

In his memorandum of March 1, the President stated that, preparatory to establishing new employment ceilings, a thorough evaluation of personnel requirements would be made to determine the lowest number needed to operate the Government effectively. In the interim, the President has ordered that a limitation on hiring be imposed so as to maximize this Administration's flexibility in meeting personnel requirements within the new ceilings. This procedure accepts the consensus of the advice submitted by the Cabinet in response to the President's February 11 request for views on alternative employment control systems.

3. Limitation on hiring. Pursuant to the President's memorandum, each agency will establish controls to limit the number of appointments to full-time permanent positions to not more than 75 percent of the number of its vacancies occurring after February 28, 1977 (i.e., agency full-time permanent hiring is restricted to on board strength as of

February 26, 1977, less 25% of vacancies occurring thereafter).

Except for the exemptions listed below, this limitation applies to all new hires of Federal civilian personnel and to transfers of personnel between Executive Branch agencies. The limitation is effective immediately and will remain in effect until new employment ceilings have been established for fiscal years 1977 and 1978.

Where necessary, personnel reallocations should be made within agencies to meet needs of highest priority and to assure that vital and basic services are not interrupted. Contracting with firms and institutions outside the Government will not be used to alleviate the effect of this limitation. Nor will persons be hired on a part-time or temporary basis as a substitute for full-time permanent employees.

4. Standard exemptions. To preserve the continuity of Government, the following exemptions to the limitation on hiring are permitted:

a. at the discretion of the agency head, hiring necessitated by emergency situations involving the safety of human life and protection of property,

b. filling of positions under programs that are presently exempt from employment ceilings,

c. hiring for positions required to be filled under specific provisions explicitly stated in law (This does not include interpretations of laws, e.g., appropriation acts, that do not contain requirements for specific employment levels.),

d. hiring in accordance with firm commitments made in writing by agency personnel officers, prior to the effective date of the limitation,

e. hiring by the U.S. Postal Service,

f. reassessments of personnel within an agency,

g. executive level appointments,

h. appointments to positions of a confidential or policy-making character (established under Schedule "C" or as "noncareer executives" by the Civil Service Commission),

i. shifting of employees from one agency to another because of a transfer of functions resulting from Presidential reorganization action, and

j. hiring of employees who receive no compensation, (if otherwise permitted in law).

5. Appeal of hiring limitation. In a very limited number of cases, additional exemptions may be granted if the Office of Management and Budget (OMB) determines that such action is necessary to preserve the continuity of Government by assuring that essential services are provided and that fundamental needs are met. When an agency head believes that circumstances in an agency warrant such an exception, an appeal may be made in writing to the Director of the OMB fully justifying the need for additional personnel and explaining why intra-agency reallocation is not feasible.

6. Revision of employment ceilings. As is noted above, in his March 1 memorandum, President Carter stated that existing employment ceilings for 1977 and 1978 will be re-evaluated to determine the lowest number needed to operate the Government efficiently and effectively. OMB will undertake this re-evaluation jointly with the agencies. Informal discussions between OMB and the agencies will be initiated as soon as possible. It is anticipated that this review will be completed and that agencies will be advised of their new ceilings by early April. At that time, the Government-wide limitation on hiring will be withdrawn.

To ensure compliance with the new ceilings and to permit some flexibility in seasonal hiring, agencies will develop target levels for full-time permanent and total employment as of June 30, 1977 and March 31, 1978. These targets will be submitted to OMB no later than Friday, April 22, 1977. Once agreed upon, they will be treated as employment ceilings against which agency efforts to reach the new year-end ceilings will be measured.

Any reductions in current employment levels will be achieved through attrition. Thus, some agencies may have to continue to curtail hiring once the Government-wide limitation has been withdrawn in order to comply with new employment ceilings.

7. Effective dates. The instructions in this Bulletin are effective at once and will remain in effect until September 30, 1978.

3. Inquiries. Questions regarding the instructions in this Bulletin will be addressed to the OMB representatives in charge of the agency's budget estimates.



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Director